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ORIGINAL

Gina Harrison
Senior Counsel and Director

Washington Office

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OCT 27 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 27, 1999

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Notice of Ex Parte Meeting,
Jurisdictional Separations Reform, CC Docket
No. 80-286

Dear Ms. Salas:

Yesterday, William Lee Dillard, President of Nehalem Telephone & Telegraph Co., Inc., of Oregon, spoke with Cynthia Van Landuyt of the Oregon Public Utility Commission to discuss the need for the federal state joint board to adopt an interim separations freeze. The freeze would provide an interim adjustment for increasing amounts of Internet traffic. Results of a recent data request conducted by NECA show the urgent need for such action.

In accordance with Commission Rules, I am submitting two copies of this notice. Kindly stamp the additional return copy provided. Please direct any questions regarding this filing to me.

Sincerely,

Gina Harrison
Attachment

Cc: C. Van Landuyt

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NECA NATIONAL EXCHANGE
CARRIER ASSOCIATION

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Richard A. Askoff
Deputy General Counsel

October 5, 1999

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OCT 05 1999

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.

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Mr. Lawrence E. Strickling
Chief, Common Carrier Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Mr. Strickling:

New information has come to light which adds urgency to the recent request of the state members of the Joint Board on Separations for an en banc meeting to deal with Internet related issues. Since filing a letter in support of the state member's request, NECA has completed a comprehensive survey of rural local telephone companies to determine the extent of Internet traffic. The results detailed below make a compelling case for an interim separations freeze as soon as possible. NECA asks the Commission to adopt an interim separations freeze quickly based on the record before the Commission.

NECA projects, based on results of a recent data request to its member companies, that approximately 18% of 1998 local/intrastate dial equipment minutes represent Internet traffic. Treating this jurisdictionally interstate traffic as intrastate for separations purposes produces a \$170 million misallocation of costs to the state jurisdiction for NECA pool members. Local ratepayers are unlikely to accept rate increases to recover these costs which are related to interstate traffic.

Further, the tremendous growth of Internet traffic can create network congestion that impairs service levels to subscribers absent significant investments in network facilities. Rural local exchange carriers, however, are caught in regulatory uncertainty surrounding the cost recovery for Internet traffic. Continuation of the status quo places carriers in the untenable position of having to make investments with unknown cost recovery.

Pending ultimate resolution of the difficult rate and cost recovery issues surrounding Internet traffic, it is essential that the proposed en banc meeting be convened quickly and an interim separations freeze, based on a representative historical period, be put into effect immediately.

Very truly yours,

Richard A. Askoff
Richard A. Askoff

The Honorable William Kennard, Chairman
Federal Communications Commission
445 12th Street, S.W.
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Washington, D.C. 20554

The Honorable Susan Ness, Commissioner
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445 12th Street
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The Honorable Michael Powell,
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The Honorable Joan H. Smith,
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Oregon Public Utility Commission
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The Honorable Thomas L. Welch, Chairperson
Maine Public Utilities Commission
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